

September 26, 2016

Janet McCabe
Acting Assistant Administrator
Office of Air and Radiation
U.S. Environmental Protection Agency
EPA Docket Center
Air and Radiation Docket
Mail Code: 28221T
1200 Pennsylvania Avenue, NW
Washington, DC 20460
Attention: Docket I.D. # EPA-HQ-OAR-2015-0827

Mark R. Rosekind
Administrator
National Highway Traffic Safety Administration
U.S. Department of Transportation
Docket Management Facility, M-30
West Building, Ground Floor
Room W12-140
1200 New Jersey Avenue, SE
Washington, DC 20590
Attention: Docket I.D. # NHTSA-2016-0068

Mary Nichols
Chair
California Air Resources Board
1001 "I" Street
Sacramento, CA 95691

*Re: Draft Technical Assessment Report: Midterm Evaluation of Light-Duty Vehicle
Greenhouse Gas Emission Standards and Corporate Average Fuel Economy Standards
for Model Years 2022-2025*

Dear Acting Assistant Administrator McCabe, Administrator Rosekind, and Chairman Nichols:
The Northeast States for Coordinated Air Use Management (NESCAUM) offers the following
comments on the "Draft Technical Assessment Report: Midterm Evaluation of Light-Duty
Vehicle Greenhouse Gas Emission Standards and Corporate Average Fuel Economy Standards
for Model Years 2022-2025" (TAR), issued jointly by U.S. EPA, NHTSA, and California ARB
(Agencies), and published on July 27, 2016 in the Federal Register.¹ NESCAUM is the regional

¹ [EPA-HQ-OAR-2015-0827; NHTSA-2016-0068; FRL-9949-54-OAR] <https://www.gpo.gov/fdsys/pkg/FR-2016-07-27/pdf/2016-17649.pdf>.

association of air pollution control agencies in Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont. These comments reflect the majority view of NESCAUM members. Individual member states may hold views different from the NESCAUM states' majority consensus.

NESCAUM commends EPA, NHTSA and California Air Resources Board (ARB) for a thorough and diligent analysis of a broad range of technologies that could be used by automobile manufacturers to improve fuel efficiency and reduce greenhouse gas (GHG) emissions over time. The draft TAR provides timely and credible insights into the effectiveness of this important program, taking advantage of the most up-to-date data information. The Agencies find that the GHG and fuel economy standards set in 2012 for model years 2022-2025 are likely to be achievable using existing technologies at similar or lower cost than first projected. These findings suggest that, while the program is successfully driving down GHG emissions from the on-road fleet, opportunities exist to strengthen the rule to bring its outcomes more in line with the original program goal of a new vehicle fleet-average fuel economy of 54.5 miles per gallon (mpg) by 2025. Because the rule will not necessarily require the development and deployment of advanced electric-drive vehicles such as plug-in hybrid, battery-electric, and fuel-cell electric vehicles, additional complementary policies are needed to ensure that these technologies continue to develop. These advanced vehicles will be needed in very high volumes for our states to meet their challenging mid and long-term GHG reduction goals.

The standards are achievable and should be strengthened

The current phase of fuel economy and GHG emission standards is proving effective at motivating automakers to continue to improve upon existing technology architectures to reduce emissions and fuel consumption. The fact that many companies are projected to significantly over-comply indicates that the rule is not too stringent. Moreover, because the original numeric goal will not likely be met due to the market's shift toward larger vehicles, the agencies should consider increasing the stringency of the National Program to "true up" and get the nation's fleet back on track toward the important 54.5 mpg goal.

Modeling assumptions and final results

We concur with the analysis of NACAA² with respect to specific discrepancies between the two modeling processes and support their recommendations regarding the appropriate assumptions the Agencies should use in the final TAR.

Complementary policies remain necessary

There are strong parallels between the compliance projections for the National GHG/CAFE Program and the California Zero-Emission Vehicle (ZEV) Program. In both cases, industry is

² National Association of Clean Air Agencies, Letter to Acting Assistant Administrator McCabe, Administrator Rosekind, and Chairman Nichols, September 24, 2016, US EPA Docket EPA-HQ-OAR-2015-0827.

projected to be in a position to “over-comply” with the standards yet fall short of original program goals. The National Program’s fleet average fuel economy standards will not attain the initial goal of 54.5 mpg due to an unanticipated market shift toward larger vehicles. Under the ZEV Program, manufacturers are expected to fully comply yet the total number of vehicles deployed will be lower than anticipated due largely to unexpectedly rapid improvements in battery technology that will increase the credits generated by manufacturers. In each case, regulated parties are complying, or are projected to comply, within a comfortable margin.

The fact that regulated parties are able not just to meet but to exceed the requirements demonstrates that the programs are not in conflict. Rather, they complement each other by ensuring that the on-road light-duty fleet continues to become more fuel efficient, while development continues on those advanced technologies needed to ensure continued progress toward 2030 and 2050 GHG reduction targets that are necessary to minimize the dangerous effects of climate change. Even full compliance with the National Program will not be sufficient to ensure that our member states remain on track to meet mid- and long-term GHG emission reduction targets.

Importance of the ZEV Program

The draft TAR finds that manufacturers that choose to do so can comply with the National Program without significant reliance on electrification. However, the NESCAUM states recognize that by 2050, zero- or near-zero emission vehicles will need to comprise nearly 100 percent of new vehicle sales to meet GHG reduction goals.³ While the National Program must continue to drive innovation and reduce emissions and fuel consumption in the near-term, there must also be continued progress in the development and deployment of the advanced electric-drive technologies that will be needed in the 2025 to 2050 timeframe. The goals of the ZEV Program are unique and complementary to those of the National Program. Moreover, they are achievable, and essential for our states to remain on track to meet their GHG reduction targets.

The transportation sector is the largest source of GHG emissions in the Northeast. Most of the NESCAUM states, along with California, Maryland and Oregon, have adopted regulatory requirements to accelerate commercialization of electric vehicles and collectively are striving to ensure 3.3 million zero-emission vehicles are on the road by 2025, consistent with a Memorandum of Understanding (MOU) signed in 2013 by eight state governors. These states represent 27 percent of the U.S. automobile market.⁴

While California has exclusive authority under the Clean Air Act (CAA) to set its own motor vehicle emission standards, Congress provides other states with the right to adopt emission standards that are identical to California’s in lieu of federal standards.⁵ States in the Northeast

³ California ARB Draft Mobile Source Strategy Document, June 2016.

⁴ State Zero-Emission Vehicle Programs, Memorandum of Understanding, signed October 24, 2013. Available at <http://www.nescaum.org/documents/zev-mou-8-governors-signed-20131024.pdf>.

⁵ Section 177 of the Clean Air Act.

have been using this authority under Section 177 of the CAA for over two decades as part of a coordinated effort to reduce air pollution in the region. The ZEV Program has driven unprecedented investment and growth in zero-emission technologies over the past several years. Its implementation in northeast states is helping to lower ZEV costs through economies of scale, and expanding the range of product lines available to consumers.

The Multi-State ZEV Initiative

In recognition of the important supporting role that states can play in accelerating ZEV markets, the governors of the states of California, Connecticut, Maryland, Massachusetts, New York, Oregon, Rhode Island, and Vermont signed an MOU in October 2013 to foster the successful implementation of their ZEV programs. Given that the transportation sector is the largest source category of GHG emissions and ozone-forming pollutants in the ZEV MOU states, these states recognize that transforming the transportation sector away from fossil fuels is essential to meeting air quality standards and climate mitigation goals. Moreover, these states all have standards or goals in place to increase the amount of electricity supplied from renewable energy sources such as wind and solar that will result in even greater emission reductions from ZEVs over time. Collectively, the eight ZEV MOU states have agreed to a goal of placing at least 3.3 million ZEVs on their roadways by 2025. However, as mentioned above, because of the increase in credits generated by manufacturers due to far greater advancements in battery technology and cost than originally foreseen, the program is likely to fall short of those numbers. This shortfall underscores the need for continued regulatory pressure to ensure that the fleet transitions to zero-emission technologies in the required timeframe.

The multi-state ZEV initiative is intended to support the automakers in their efforts to promote and sell ZEVs into the markets in the Section 177 states, by helping to accelerate ZEV market growth in the near-term. The initiative is intended to complement a robust regulatory program in order to drive the market toward the transformation needed to help states reduce transportation-related air pollution and GHG emissions, enhance energy diversity, save consumers money, and promote economic growth.

The MOU created a multi-state ZEV Program Implementation Task Force and developed the Multi-State ZEV Action Plan. The Task Force, composed of state officials and facilitated by NESCAUM, serves as a forum for coordination and collaboration on the full range of ZEV program development, support, and implementation issues. The ZEV Action Plan outlines 11 categories of priority actions, including: promoting the availability and effective marketing of ZEVs; offering consumer incentives to enhance the ZEV ownership experience; increasing ZEV deployment in public and private fleets; encouraging workplace charging; planning public infrastructure and investment; promoting clear signage to fueling stations; and other actions similarly intended to accelerate the ZEV market. The partnerships formed and the information shared during the development of the Multi-State Action Plan remain critical to achieving the ZEV MOU goals.

The ZEV Action Plan outlines both multi-state and individual state actions. The multi-state actions are joint cooperative actions that benefit from collaboration by the eight-state alliance and other partners. The ZEV Action Plan also identifies actions that individual states can consider taking to build a robust market for ZEVs. In other words, the Action Plan envisions two interconnected pathways for implementation – collaborative multi-state actions and individual state actions. The ZEV MOU states have made substantial progress toward the goals outlined in the Multi-State Action Plan, including the implementation of many policies that are complementary to the ZEV Program. Attachment 1 highlights the progress that states have made in preparing their markets to support zero-emission vehicles.

Conclusion

We commend the Agencies for a diligent and thorough analysis, and for proposing a rule that is appropriate in structure and scope. We agree with the consensus finding that the 2022-2025 standards are feasible and appropriate, and believe that the agencies should consider opportunities to strengthen them, given the relative ease with which industry has demonstrated compliance thus far. We support the comments of NACAA with regard to the technical analysis and key shortcomings of the NHTSA modeling effort. We urge the Agencies to ensure that the stringency of the rule is maintained or strengthened as they continue with their comprehensive mid-term evaluation. Finally, we stress the effectiveness and continued importance of the ZEV Programs in California and the Section 177 states as a critical complement to the National Program.

If you have questions regarding the issues raised in these comments, please contact Matt Solomon at NESCAUM (phone: 617-259-2029).

Sincerely,



Arthur N. Marin
Executive Director

cc: NESCAUM Directors
Chris Grundler, EPA OTAQ
Richard Corey, Alberto Ayala, California ARB

Attachment 1. Complementary Policies to Support ZEV Markets in §177 ZEV States

Initiative	CA	CT	MD	MA	NJ	NY	OR	RI	VT
Consumer Vehicle Incentive	✓	✓	✓	✓	✓	✓		✓	✓
Charging Station Incentive	✓	✓	✓	✓	✓	✓	✓	✓	✓
State Fleet Purchase Incentive	✓	✓		✓			✓	✓	
Dealership Outreach	✓	✓	✓	✓		✓		✓	✓
Dealer Incentives		✓							✓
State ZEV Commission	✓		✓	✓				✓	✓
PUC EVSE Exemption	✓	✓	✓	✓		✓	✓		
TOU Rates (incl Pilots)	✓	✓	✓	✓		✓	✓		✓
Workplace Charging Grants		✓		✓	✓	✓			
Building Codes	✓			✓					
HOV Lane Access	✓	NA	✓	✓	✓	✓		NA	NA
Toll Waivers	✓	NA				✓			NA